The Manitoba Habitat Heritage Corporation

Annual Report 2001/2002

Manitoba

Building Partnerships for Habitat Conservation

The Manitoba Habitat Heritage Corporation is a non-profit Crown Corporation established in 1986 under *The Manitoba Habitat Heritage Act*.

Its objective is to work in partnership with public and private agencies and organizations as well as individual landowners to conserve, restore, and enhance fish and wildlife habitat in Manitoba.

Cover photo: American Avocet

The Honourable Oscar Lathlin
Minister of Conservation
Legislative Building
Winnipeg, Manitoba

Dear Minister:

The Board of Directors of The Manitoba Habitat Heritage Corporation (MHHC) is pleased to provide you with its 2001/02 Annual Report that provides a summary of its progress in conserving habitat and achieving healthy and productive landscapes in Agro Manitoba. This past year, MHHC's 15th year of operation, marked a significant expansion in one program area.

MHHC's successful Green Banks program has evolved into the Riparian Health Initiative, a broader effort involving more partners. There are many benefits to increasing coordination among the many agricultural and conservation organizations whose programs support riparian area management in Agro Manitoba. MHHC played a key role in the creation of the Riparian Health Council, a partnership of these organizations to which the Corporation provides secretariat support. New federal funding to MHHC has also allowed for delivery of riparian stewardship projects across Agro Manitoba.

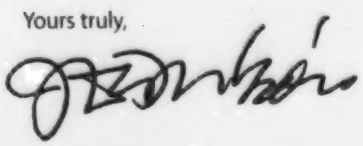
Within the North American Waterfowl Management Plan, MHHC and the Delta Waterfowl Foundation continue to jointly deliver the Potholes Plus Program, taking advantage of increasing funding from United States sources. The emphasis is placed on conservation of wetland and associated habitats using perpetual conservation agreements.

The Manitoba Agro Woodlot Program continued to offer woodlot management services, tree-planting assistance, and help with agro-forestry projects which combine tree planting with agricultural production systems. These services support sustainable woodlot management practices that maintain wildlife habitat and help landowners develop new income streams.

A characteristic of MHHC's ongoing activities is the partnerships it forms with other agencies, government departments, non-government organizations and, most importantly, individual landowners, to achieve its conservation objectives. These partnerships expand the MHHC's reach, increase its base of support and help to ensure sustainable outcomes.

While the emphasis and approaches may vary over time, The Manitoba Habitat Heritage Corporation continues to strive for management practices that benefit biological diversity, the rural environment, landowners and rural communities.

Yours truly,



Jack Dubois
Chairperson,
The Manitoba Habitat Heritage Corporation

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Mandate and Roles

The Manitoba Habitat Heritage Corporation (MHHC) is a Crown Corporation that was created in 1986 by the Manitoba Habitat Heritage Act with the mandate to conserve, restore and enhance fish and wildlife habitat. MHHC does so through cooperative partnerships with private landowners, farm organizations, corporations, conservation groups and government agencies, primarily in the agricultural areas of Manitoba. Focusing on the agricultural region, the Corporation operates on the principle of promoting conservation practices that enhance wildlife habitat, encourage productive uses of the land and help to sustain farm family income.

MHHC conducts its activities under three major program areas.

North American Waterfowl Management Plan

MHHC coordinates implementation of the North American Waterfowl Management Plan (NAWMP) through a partnership with other agencies in Manitoba. It also directly delivers NAWMP activities in partnership with Delta Waterfowl Foundation through the Potholes Plus Program.

Woodlot Management

The Manitoba Agro Woodlot Program is operated by MHHC with an annual grant from the Province of Manitoba. This program assists landowners and small-scale operators with training, woodlot management and agro-forestry planning services that help them to sustain, or enhance woodland wildlife habitat and diversify their farm income.

Riparian Habitat Management

Riparian habitat - where land and water meet along lakes, rivers and streams - is very rich in wildlife, yet highly sensitive. Through its programs, MHHC encourages landowners to adopt land use practices that protect this important habitat and that benefit agricultural productivity, particularly for livestock.

Management, administrative and field support are also provided to the Critical Wildlife Habitat Program and, through the Critical Wildlife Habitat Program, to a number of Habitat Stewardship Program for Species-at-Risk projects. MHHC also provides administrative services to the Manitoba Model Forest Project and the Forestry/Wildlife Management Project.

MHHC Land Conservation Summary

Diverse and vulnerable describe the wildlife habitat found in the agricultural region of Manitoba. Through the accumulation of parcels of land throughout the region, either by cooperative agreements, leases or direct ownership, MHHC provides habitat that benefits all forms of wildlife, including plants, birds, animals, fish, and other aquatic animals.

Table 1 gives a breakdown of the land that is administered by MHHC. It has more than 2,500 agreements with landowners, conservation agencies, and other organizations. As of March 31, 2002, MHHC held cooperative agreements for 124,467 acres of habitat on 2,414 parcels of land.

Table 1: MHHC Land Conservation Summary as of March 31, 2001

	# sites	# acres
Acquired and donated lands		
North American Waterfowl Management Plan	28	6,517
Critical Wildlife Habitat Program[1]	22	4,217
Lands held in title by MHHC	*50*	*10,734*
Conservation Agreements		
Potholes Plus	47	4,816
Habitat Stewardship Program	11	1,236
Dontated Agreements	10	1,184
Conservation Agreements held by MHHC	*68*	*7,236*
Leased lands (cumulative acreage)[2]		
North American Waterfowl Management Plan	204	19,137
Critical Wildlife Habitat Program[1]	121	18,501
Leases held by MHHC	*325*	*37,638*
Cooperative Agreements		
North American Waterfowl Management Plan	683	8,146
Riparian Stewardship Program	124	32,600
Manitoba Agro Woodlot Program	1,164	28,113
Cooperative Agreements held by MHHC	*1,971*	*68,859*
MHHC portfolio to March 31, 2001	**2,414**	**124,467**

[1] *Includes lands that are held by MHHC in trust on behalf of CWHP partners*
[2] *Includes both current and lapsed leases*

Overview

Mandate and Roles

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Board of Directors

The 1986 Manitoba Habitat Heritage Act requires MHHC to be governed by a Board of Directors responsible to the Manitoba Minister of Conservation.

In 2001-2002 the MHHC Board consisted of eleven members:

Jack Dubois*, Chairperson	Manitoba Conservation
E.A. (Ted) Poyser,* Vice Chairperson	Citizen Representative
Ernie Bayduza	Manitoba Conservation Districts Association
Ron Bell	Association of Manitoba Municipalities
Doug Chekay*	Ducks Unlimited Canada
Dwayne Hamilton	Keystone Agricultural Producers
Jim Lytwyn	Citizen Representative
Pat Rakowski	Canadian Wildlife Service
Jonathan Scarth	Delta Waterfowl Foundation
Barry Todd	Manitoba Agriculture
Dave Wotton*	Manitoba Conservation

Ex-officio Members

Lorne Colpitts	The Manitoba Habitat Heritage Corporation
Deanna Dixon	Prairie Habitat Joint Venture
Gerry Luciuk	Prairie Farm Rehabilitation Administration
Wanda McFayden	The Manitoba Cattle Producers Association
Mike Moore	Nature Conservancy of Canada
Ray Rybuck	Manitoba Wildlife Federation
Ed Tyrchniewicz	Citizen Representative

*Executive Committee Member

North American Waterfowl Management Plan

The North American Waterfowl Management Plan (NAWMP) operates in Canada, the United States and Mexico. In Manitoba, Plan activities are coordinated by MHHC in cooperation with several funding partners, and individual, public and private program delivery partners. MHHC also provides field delivery, communication, reporting and evaluation services.

Designed to conserve and enhance waterfowl, wetland and associated habitats, NAWMP activities in Manitoba focus mainly in the pothole area of southwestern Manitoba. Program activities, based on sound biological principles and the best science available, take a landscape approach, rather than concentrating on any one species or site. Potholes Plus is a fitting name under which MHHC delivers its NAWMP activities in conjunction with the Delta Waterfowl Foundation.

The success of the NAWMP approach to habitat conservation has led other bird conservation programs to adopt its model for songbirds, shorebirds and other water birds. The emerging North American Bird Conservation Initiative will ultimately provide an umbrella under which all of these programs can be coordinated.

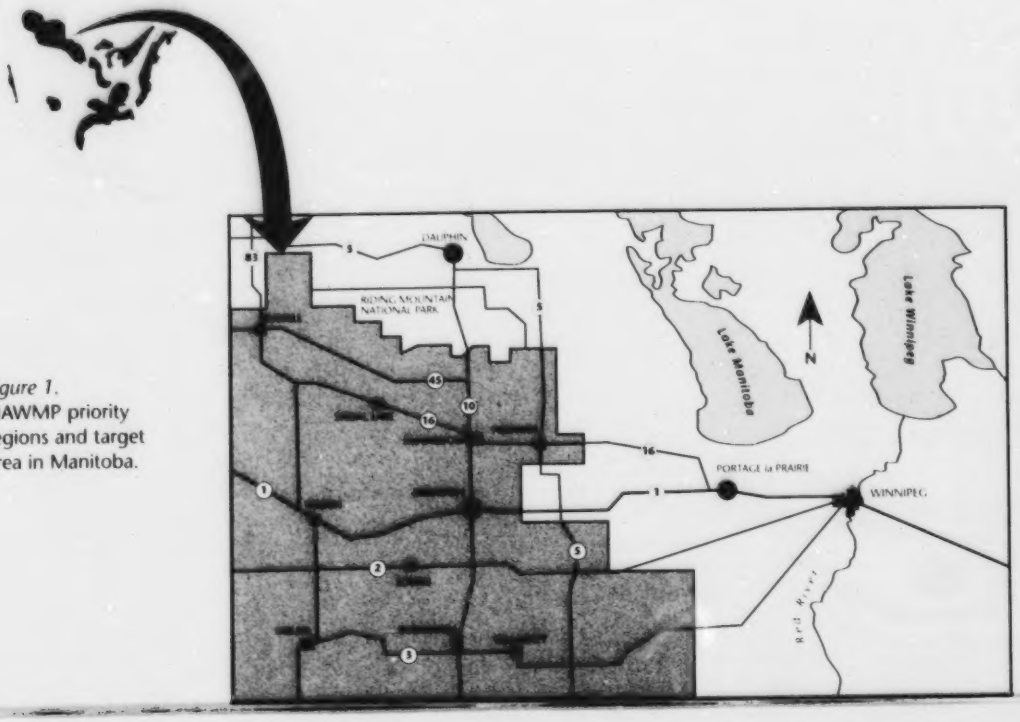

Figure 1.
NAWMP priority regions and target area in Manitoba.

A formal written agreement between the governments of Canada, the United States and Mexico forms the basis for NAWMP. Its success in Manitoba is evidenced by the 857,522 acres on which land use practices have been influenced by the program, 224,031 acres through long-term securement and 633,491 acres by conservation farming activities. This has been made possible by the $75.3 million that has been invested in Manitoba, 84 percent of which has been contributed by public and private sources from outside the province.

The achievements of the NAWMP can be attributed to two major factors. The first is the cooperative approach that the Plan partners take in working with landowners. The Plan offers conservation options that also provide landowners with the potential for additional sustainable income. The success of the Plan in Manitoba continues to rest with people at the farm level - individual landowners, local farmer groups, farm commodity groups, Conservation Districts, wildlife associations and rural municipalities. MHHC partners include Agriculture Canada (Prairie Farm Rehabilitation Administration), Delta Waterfowl Foundation, Ducks Unlimited Canada, Environment Canada (Canadian Wildlife Service), Manitoba Agriculture, Manitoba Conservation, Keystone Agricultural Producers, Association of Manitoba Municipalities, Manitoba Cattle Producers Association, Conservation Districts and Nature Conservancy of Canada.

The second factor influencing the success of the NAWMP is the continent-wide impact of program activities. All habitats used by waterfowl in all seasons can be targeted by the program. Breeding grounds, migration routes and wintering areas are all included in conservation strategies. In North America, the great plains region contains the continent's most important waterfowl habitats, providing nesting areas and migration stopover sites for most of the duck population. Much of the great plains region is located in the

prairies of southern Alberta, Saskatchewan and Manitoba, where Plan activities are coordinated under the Prairie Habitat Joint Venture. Figure 1 shows the prairie pothole region of southwestern Manitoba, the main area of the province in which NAWMP activities are carried out.

A Manitoba NAWMP Overview

MHHC tracks land areas that are secured by Plan partners as well as those influenced by Plan activities. In 2001/02, NAWMP partners added another 19,560 acres of secured wildlife habitat lands, bringing the total to 224,031 acres. The total lands influenced by Plan activities rose to 857,522 acres. Many landowners are opting to participate in the Plan through conservation agreements. With this approach, land can be protected yet remain under private ownership.

The NAWMP influences a broad range of habitat types in Manitoba. These include:

- wetlands, both temporary and permanent, ranging from tiny prairie potholes to large staging marshes
- wetlands, previously drained, that have been restored
- new wetlands created to mitigate for drained wetlands
- native upland habitats such as grasslands, shrublands and aspen parklands
- cultivated marginal lands restored as grasslands
- rangelands improved for both livestock and wildlife through managed grazing and livestock watering practices
- haylands managed as productive wildlife habitat
- conventionally tilled fields converted to zero-tillage and winter cereal crop lands

Table 2: NAWMP Program Accomplishments Summary (in acres)

	Green Acres	DU Program – NAWMP	Potholes Plus	HELP*	NAWMP Total
Secured 2001/02	1,076	15,451	3,033		19,560
Before 2001/02	34,321	149,836	9,479	10,835	204,471
Total Secured	**35,397**	**165,287**	**12,512**	**10,835**	**224,031**
Agricultural Demonstrations 2001/02		186,453			186,453
Before 2001/02	20,580	422,931	3,527		447,038
Total Demonstrations	**20,580**	**609,384**	**3,527**		**633,491**
Program Totals	**55,977**	**774,671**	**16,039**	**10,835**	**857,522**

** Habitat Enhancement Land Use Project*

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Table 3: NAWMP Financial Contributions

Agency	1986 to March 31, 2002	Percentage
Manitoba Sources	**$11,952,800**	**15.9**
Other Canadian Sources		
Canadian Wildlife Service	$8,618,600	11.4
Wildlife Habitat Canada	885,300	1.2
Ducks Unlimited Canada	2,545,000	3.4
Total Other Canadian Sources	**$12,048,900**	**16.0**
Total Canadian Sources	**$24,001,700**	**31.9**
US Sources		
Delta Waterfowl Foundation	$2,822,300	3.7
Ducks Unlimited, Inc.	18,708,400	24.9
US Fish and Wildlife Service	21,947,100	29.2
US States	7,633,500	10.1
Nature Conservancy of Canada	163,200	.2
Total US Sources	**$51,274,500**	**68.1**
Total Expenditures	**$75,276,200**	**100.0**

These habitats not only provide waterfowl breeding areas, they support a wide diversity of other bird species as well as mammals, reptiles and amphibians.

MHHC also delivers field services, communications, evaluation and planning activities under the NAWMP. These services were supported in 2001/02 with funding from three major sources:

- Manitoba Conservation
- Environment Canada (Canadian Wildlife Service)
- Delta Waterfowl Foundation

Financial and in kind support were also received from a number of other partners.

MHHC NAWMP Activities

Potholes Plus and Green Acres Programs

A number of NAWMP options for habitat conservation are offered by MHHC. For many years its activities were carried out through the Green Acres Program, but in the last three years most of its NAWMP activities have been delivered in partnership with the Delta Waterfowl Foundation (DWF) under the Potholes Plus Program banner. Regardless of the name, landowners can choose from conservation agreements, land donation, purchase and other land management activities. (In this report, current MHHC NAWMP accomplishments, other than land or conservation agreement donations, leases and waterfowl nesting tunnels, are recorded under the Potholes Plus Program.)

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Conservation Agreements: Conservation agreements have been available since 1998 when the government of Manitoba proclaimed the *Conservation Agreements Act*. Conservation agreements enable landowners to voluntarily protect habitat on private lands. The land may be farmed as long as the natural values of the land are protected. Similar to an easement, a conservation agreement is placed on the property title and remains in effect even with a transfer of ownership.

At year-end MHHC held a total of 68 Conservation Agreements (CAs) totalling 7,236 acres. That total includes CAs funded by the Potholes Plus Program and the federal Habitat Stewardship Program as well as CAs donated to MHHC by landowners.

Under the Potholes Plus Program, MHHC holds all acquired CAs. A total of 23 CAs covering 3,033 acres were acquired in 2001/02, bringing the total to 47 CAs, totaling 4,816 acres, secured through Potholes Plus. At year-end, six more CAs were in progress, totaling 647 acres.

MHHC Lease, purchase and donated lands: Under the Green Acres Program, MHHC had acquired a total of 204 leases protecting 19,337 acres of habitat. Of those, 55 leases, totaling 5,324 acres, remained active in 2001/02. With MHHC's emphasis on conservation agreements, no leases were signed this year.

One parcel of land, totaling 320 acres, was bequeathed to MHHC. It was owned by Mr. William Bailey of the Solsgirth area and has an impressive mix of wetland, grassland and wooded native habitats beside a large wetland area west of Shoal Lake. Land donations to MHHC now total 2,153 acres. No lands were purchased in 2001/02.

In 2001/02 MHHC received five donated conservation agreements for private land habitat totaling 756 acres. These CAs cover a variety of wetland, woodland, riparian and other

Edith Kerr and granddaughters

Kerr Property for the Birds

One of MHHC's first donated wetland conservation agreements in the NAWMP target area has come courtesy of Mrs. Edith Kerr, a long-time resident of the Cardale area, west of Minnedosa. In this region MHHC has been working in partnership with the Delta Waterfowl Foundation and this project was an example of how joint efforts can produce successful outcomes.

According to Gerald Forsyth, MHHC's Minnedosa area field representative, "The donation protects 60 acres of valuable wetland and grassland habitat on that land in perpetuity." The remaining cultivated land will be farmed as before and Mrs. Kerr retains title to the property.

"Counting both winter and summer birds, I've listed over 80 different species here," said Mrs. Kerr. As if they heard her remark, a chorus of songbirds and waterfowl provided background vocals all during a recent dedication ceremony.

Kerr said that she took her time and carefully considered her decision before making it final. "The seed was planted five or six years ago in conversations with people from Delta Waterfowl, but it never took root until last year," she said. "Now it has come to fruition."

When asked about the reason for making the donation, she replied, "I'm doing it for heritage. When farms are sold today, the first thing that happens is the bulldozer comes in. I didn't want that to happen."

Gerald Forsyth (MHHC), Bruce, and Phil Seddon

Seddon Brothers Donate Land, Honour their Roots

Bruce and Phil Seddon donated 140 acres of land to MHHC that was part of their grandfather's original homestead so that it would remain in a natural state.

Their grandfather, Thomas Marchington, homesteaded on this land in the late 1800's and his two sons continued on, growing crops and raising cattle. They were farmers making a living off the land, but they were also conservation-minded and kept areas that were marginal for cropping as native pasture and hay land.

"They would be extremely pleased with what has happened to their land," said Phil, referring to his grandfather and uncles.

The land contains a mix of habitats that can support more than 100 species of birds, mammals, reptiles and amphibians for at least part of their life cycles.

"It's always going to be here as habitat for the deer and other wildlife," said Ed Stroeder, Reeve of the R.M. of Westbourne, where the land is located. "There are benefits to society as a whole."

Reeve Stroeder also practices what he preaches. He's working with MHHC to permanently protect a riparian area on his farm along the Whitemud River.

native habitats across the province. A total of 10 CAs have been donated to MHHC, securing 1,184 habitat acres.

Land Management Summary: The wildlife habitat on 14 parcels of MHHC lands, or 4,345 acres, benefited from a variety of management activities including:

- weed and shrub control on 101 acres of grassland
- managed grazing on 8 sites encompassing 1,522 acres
- 725 acres in 8 hay leases
- 40 acres of land at 1 site was fertilized

Waterfowl Nest Tunnel Program: Straw-lined waterfowl nesting tunnels can be found perched on low metal poles in wetlands throughout southwestern Manitoba. They directly support duck production and the habitat secured via their placement benefits over 100 other wildlife species. Each tunnel is visited prior to the nesting season so the tunnels can be lined with new hay bedding and other routine maintenance can occur. A total of 1,793 tunnels are maintained by MHHC. These tunnels also help to secure 7,171 acres of wetland habitat.

Special NAWMP Partnership Projects

Species at Risk: MHHC received project funding from the federal Habitat Stewardship Program (HSP), which was created in association with the *Species at Risk Act*. The HSP involves the federal Departments of Environment, Parks and Fisheries and Oceans. The program objective is to take voluntary, stewardship-based approaches to protect species at risk that are threatened by loss of their native habitat.

MHHC's HSP project pays landowners for perpetual conservation agreements on riparian areas, mixed-grass prairie and other important habitats for species of concern in the prairie ecozone.

In 2001/02 a total of 10 conservation agreements were placed on 1,161 acres of land for riparian and grassland habitats. Under the HSP program a total of 11 agreements, totaling 1,236 acres, have been completed. At year-end nine more agreements were in progress, totaling 1,692 acres.

In addition to receiving project funding from HSP for program delivery, MHHC assists other partners, especially Manitoba Conservation, by managing agreements and administering the employment contracts of a number of term and seasonal employees that are supervised by Manitoba Conservation staff.

Grazing Seminar at Ag Days: This day-long session which featured speakers on sustainable livestock and pasture management was presented in conjunction with Ag Days, a popular agricultural trade show in Brandon that attracts a large percentage of Manitoba's agricultural producers. The grazing seminar was co-sponsored with Manitoba Cattle Producers Association and Manitoba Agriculture. MHHC staff gave one presentation on the impacts of managed grazing and riparian management practices on producers' operations.

NAWMP Communications

MHHC communications activities in support of NAWMP focused mainly on increasing awareness and understanding of perpetual conservation agreements.

Direct Communications: MHHC staff participated in 104 meetings throughout the year, primarily with landowner and agricultural industry groups, partner agencies and local governments. PowerPoint presentations are being used increasingly to deliver MHHC messages. MHHC also continues to maintain a Local Liaison Committee, consisting of local producers and municipal officials, in each field office area. These committees provide insight into local community perceptions of MHHC and NAWMP programs. Two field tours were also provided for partners and funders of MHHC activities. MHHC also had the opportunity to make a detailed presentation on the organization to the Manitoba Round Table on the Environment and Economy.

Six displays at rural and agricultural trade fairs helped to communicate MHHC messages. The largest events, Ag Days, Heart of the Continent and the Royal Manitoba Winter Fair, had staffed MHHC information displays. A new brochure, highlighting land and conservation agreement donations, supported these efforts.

Dieter Schwanke

Donations do make a difference

Dieter and Maureen Schwanke purchased their farm located south of Arrow River in 1978 to provide a larger land base for their sheep operation. Since that time, they have worked hard to repair much of the damage or disturbances that existed on the property when they moved there. Their philosophy is: "Farm with nature - it works!" Now semi-retired, Dieter thought this was a good time to ensure the future of the land he cares so much about.

Reading about conservation agreements one day, Dieter investigated further and liked what he discovered. Because of the Schwankes' interest, MHHC is the recipient of a donated conservation agreement covering more than 300 acres of prime wildlife habitat. The Schwankes continue to maintain control of their property, pay the taxes and farm it using practices that maintain the wildlife habitat in its present state.

"Many wildlife species require a rich diversity of habitats to flourish," said Ian Milliken, MHHC field representative in Reston. "Dieter and Maureen's property provides that unique mix of native prairie and wildflowers and regenerating aspen bluffs and hay fields." In a small corner in southwestern Manitoba, this donation will make a difference.

A Ward for Wildlife

"I want to be out here where the birds are singing and I can see the deer. I don't know what'll happen in five years, but this place won't change." Frank Ward expressed these sentiments as he talked about 167 acres of riparian and associated habitat that he is protecting through a conservation agreement with the MHHC.

David Ingstrup (CWS) and Frank Ward

Canada's Habitat Stewardship Program for Species at Risk funded this conservation agreement. The aspen forest and native grassland has provided a living for Ward from hay and raising cattle. "It is exactly the type of habitat diversity that many species need," said Gerald Forsyth, MHHC field representative in Minnedosa. "This is valuable wildlife habitat."

Ward's neighbour, Bruce Vann, was equally enthusiastic. "He's got everything there, deer, beaver and bear. We had a pair of bobcats in here a couple of years ago," he added.

The creek that runs through the property is unique in its own right. "Stony Creek is home to the most southerly self-reproducing brook trout population in Manitoba," says fisheries biologist Martin Erickson.

Ward joins three neighbours in their conservation efforts and the result is a sizeable block of protected river corridor. Ron Petch voluntarily protected his land under the Whitemud Watershed Conservation District's Conservation Corridor program. Galvin Burton signed a conservation agreement with MHHC and Vann designated his land through the Manitoba Wildlife Federation's Habitat Trust Program.

Mass media communications: A total of 16 articles were produced and distributed highlighting MHHC and NAWMP program activities. Most stories profiled landowners who had signed conservation agreements and were distributed primarily to rural and agricultural media.

NAWMP Partner Activities

Ducks Unlimited — NAWMP Program. Ducks Unlimited delivers a range of NAWMP program options, including land lease and purchase, conservation agreements and a range of conservation farming options including zero tillage, permanent forage cover establishment, managed grazing and fall-seeded crops. Of the latter, winter wheat cropping is showing great promise as an alternative crop that also provides tremendous benefits to ground-nesting waterfowl. DU has responded with an initiatives designed to increase use of this cropping option by Manitoba farmers.

In 2001/02 a total of 15,451 acres were secured by long-term agreements and an additional 186,453 acres were influenced by conservation farming demonstration initiatives.

Glendon Short

A Short Story about Prairie Conservation

Funding from Canada's Habitat Stewardship Program for species at risk has allowed MHHC to focus long-term conservation efforts on native mixed-grass prairie. This is one of the more "at-risk" habitats in Manitoba and it's important for a number of species of concern.

Glendon Short's 300-acre pasture south of Shoal Lake is one of the few remaining mixed-grass sites of that size in the region. This part of the original family homestead was always grazed because it was stony and dotted with wetlands. A purchased conservation agreement that protects the native grassland from cultivation fits well with Short's future plans.

"I approached Glendon because I knew he considered grazing to be the best agricultural use of that land," said Roy Bullion, MHHC field representative in Shoal Lake. "I also knew that the prairie was being well managed under a 'twice-over' grazing management system that encourages a diversity of native plants."

This grassland is potential habitat for prairie species of concern like the Sprague's pipit. It also complements a nearby 200-acre Ducks Unlimited wetland project by providing nesting cover for ducks, shorebirds and other wetland-dependant species.

Short will continue to graze the pasture as he has in the past. The perpetual conservation agreement ensures that the native grassland habitat remains for generations to come.

Manitoba Agro Woodlot Program

Since 1992, the Manitoba Agro Woodlot Program has been delivering private land forestry services to landowners interested in sustainable woodlot management as a means of diversifying farm income. The Program also delivers training and other services that help small-scale, local forestry contractors to enhance their skills and increase their understanding of their role in forest stewardship. The Woodlot Program supports market development by facilitating networking among landowners, forestry contractors and craftsmen.

Introduction

Rather than convert wooded land to pasture or cultivation, many landowners in Manitoba have recognized that their woodlots are an untapped source of new farm income. MHHC has responded through its Manitoba Agro Woodlot Program (MAWP) which provides training and woodlot management services out of office in Brandon, Killarney and Minnedosa. Staff provide woodlot inventory and assessment services, develop management plans, provide tree-planting support and deliver hands-on skills training workshops. The Program emphasizes small-scale harvesting as a means of rejuvenating wooded stands and enhancing diverse wildlife habitat.

Woodlot Management

Woodlot management plans help landowners harvest and renew their woodlots, maintain a diverse forest for wildlife and earn income. In 2001/02, MAWP staff worked with landowners to complete 30 site-specific management plans covering 2,874 acres of wooded lands. Added to previous years, this brings the total number of completed woodlot management plans to 207 on a total of 26,423 acres. An additional 10 management plans are in progress and 24 landowners are on the waiting list to get assistance in making their plans.

Although many landowners are primarily interested in supplying local sawmill operators, many others are realizing the benefits of producing value-added end products like hardwood flooring, paneling, furniture pieces and cabinets.

Tree Planting

MAWP staff continued to assist individual landowners and communities in their tree planting projects. Support ranged from providing advice on funding proposals to providing technical support on species selection and site design. In the past year, MAWP staff organized 41 tree planting projects totalling 34,340 trees. Since 1992, MAWP has planted 1,035,359 trees and shrubs on 778 landowner projects and 66,548 trees on 137 community projects for a grand total of 1,101,907 trees on 915 projects.

Blair and Judy Foote

Farm Trees to Farm Furniture

Call it recycling, or call it common sense; using trees destined to be taken down just seems like the right thing to do.

The Foote family of Killarney noticed that elm trees in their farmyard shelterbelt were dying from Dutch elm disease. Their first thought was to clear and burn them but discussions with neighbours led to a call to the Woodlot Program.

Carol Graham of the Woodlot Program's Killarney office offered another solution. She worked with the family to identify trees that were suitable for lumber and provided advice and local contacts for harvesting, milling and kiln-drying. A local cabinet-maker used the wood to construct a dining room set, computer work-station and other tables.

"It means more to us this way," said Judy. "Without the Woodlot Program these trees would have all been bulldozed."

The project did not end there. Carol helped the Footes with a planting plan for a new farmyard shelterbelt dominated by white spruce seedlings that are well established. Blair Foote noted that the seedlings are now well established. "They've probably doubled in size already."

The Wonders of Woodlot Management

Special Woodlot Program seminars helped landowners take a fresh look at harvesting and marketing forest products from their woodlots.

"Managing the timber on a mixed farm is a viable option to clearing the land," said Jim Birkemeier, presenter of the Full Vigour Forestry seminars sponsored by the Woodlot Program.

"The old way would be to simply clear the land or sell standing trees. A better way is to manage the forest, improve the quality of the timber and add value through processing," noted Birkemeier. His Full Vigor Forestry System includes regular harvests, taking the poorest trees first and doing as much value-added processing as possible. The two-day seminar included time in a woodlot learning low-impact harvesting techniques, a cornerstone of his system.

Berkemeier practices what he preaches. By harvesting, processing, selling and installing the finished product from his Wisconsin woodlot, his hardwood flooring was 300 times more valuable than just selling the timber on the stump.

The Woodlot Program's Carol Graham noted Berkemeier's system is rural diversification in action. "It introduced the concept of community based forestry that includes the marketing of sustainably-harvested wood."

Agro-Forestry Projects

Agro-forestry projects combine tree planting with agricultural production systems. In 2001/02, seven new projects, using 9,230 trees, were completed under the Woodlot Program.

Silvo-pasture and living barns: Silvo-pasture systems are designed primarily for the benefit of livestock. When trees are fenced off from livestock and tended, these multi-row plantations provide livestock with shelter from extremes of heat and cold. Landowners benefit from higher weight gains and healthier herds and they ultimately have a source of merchantable timber.

Bio-engineering: Willow post, or other hardwood cuttings can be combined with rip-rap to stabilize degraded river-banks and reduce flood-related impacts. Three to six foot long cuttings are installed directly into the streambank to stabilize the ground. As a result of spring flooding throughout the region, only two projects of 3,775 trees were completed in the last year.

Alley-Cropping: Rows of fast-growing trees, such as hybrid poplar, are planted with enough space between rows for growing crops. Hence, the name alley-cropping. Crop yields are higher because of the more moderate micro-climate created by the trees. Landowners can eventually harvest the trees; in the meantime, the shelterbelts create wildlife habitat for birds and other animals. In 2001/02, two alley-cropping projects, using 700 trees, were completed.

Snow management: Snow management is of particular concern to the hog industry. In 2001/02, MAWP staff designed and coordinated planting for seven hog barn snow management projects.

Other Planting Projects

Field plantings: One large hybrid poplar plantation has been site prepared for the spring of 2003. Arrangements have been made with PFRA to use some of its new "Hill poplar" clone for field-testing on this site as well as for in-fill planting on the Johnson silva-cycling project at Ninga.

TREE-PLANTING PROJECTS 2001/02

Livestock	Bio-Engineering	Alley-Cropping	Other Projects	Community	TOTAL PROJECTS	TOTAL TREES PLANTED
Includes silvopasture, living barns, etc.	Includes willow post plantings, snow management, etc.	Includes alley-cropping and silvo-cycling	Includes wildlife corridors, block plantations and forest renewal			
3 projects 4,755 trees	**2 projects 3,755 trees**	**2 projects 700 trees**	**25 projects 21,075 trees**	**9 projects 4,055 trees**	**41**	**34,340**

Community plantings: The communities of Rivers and Forrest were assisted with their successful application for funding for tree planting projects from Manitoba Hydro's Forest Enhancement Program. Reston and Swan Lake were assisted with technical and organization support to establish their PFRA orchards and Treherne received technical assistance for tree planting along the Boyne Valley Nature Trails. A total of nine community projects were completed comprising 4,055 trees.

Training Programs

The two-day, Full Vigour Forestry Workshops delivered in Beausejour and Glenboro attracted 31 landowners and loggers to learn about the art of tree and stand improvement (T.S.I). Participants learned how to evaluate trees in a stand and decide which trees to remove by directional felling. The goal of T.S.I. is to increase the growth of selected crop trees by removing diseased or damaged trees.

MAWP developed a research plot in a hardwood stand along the Brokenhead River to evaluate the response of selected growing stock to release after tree and stand improvement. Twelve released trees have been marked and referenced for future measurement of diameter. In addition, 12 trees were marked in a control plot in an untreated area of the same stand.

Other training workshops delivered by MAWP staff included a Tree Care workshop offered in Rossburn with seven people participating, and a Wealth in Woodlots workshop delivered in Glenboro for seven individuals interested in poplar harvesting. In addition to explaining the range of services provided by the MAWP, the Wealth in Woodlots workshop introduced forest ecosystems and wildlife considerations, woodlot management processes, and reviewed timber sale agreements.

Communications

Direct Communications: The Manitoba Agro Woodlot Program display continued to be a promotional feature of the Woodlot Program. It made its appearance at the Third Annual Winnipeg Wood Show, Manitoba Agriculture's "Alternative Enterprises in Agriculture" events in Melita, Minnedosa and Hamiota, and at Ag Days and the Royal Winter Fair in Brandon.

Fact sheets on wood drying and silvo-pasture were completed for distribution at various events and work was initiated on a Power Point presentation.

Staff supported the "Rules & Tools for the Prairies" erosion control workshop delivered by the Minnedosa Lake Rehabilitation Committee and the International Erosion Control Assn. Northern Plains Chapter in cooperation with other partners, including MAWP. They also attended the PFRA Shelterbelt Workshop held in Brandon, and the Boreal Forest Forum held in Winnipeg.

Mass Media: Two articles were written and an interview conducted on CBC radio about the work done on Judy and Blair Foote's property in conjunction with the Woodlot Program. This included tree planting, woodlot management, tree harvesting, custom milling and furniture making.

Riparian Health Initiative

The most productive and diverse habitats in Manitoba are found where land and water meet. These riparian areas – streambanks and lakeshores - provide all of the elements required by wildlife for survival - food, water and shelter. The trees and vegetation growing in riparian areas help during high water stages by slowing down floodwaters and soaking up run-off. They also act as filters by trapping sediments and pollutants before they enter the water.

Six years ago the Green Banks Program was launched by MHHC to enhance riparian areas. In that time MHHC and its partners sought ways to secure conservation and economic benefits using cooperative partnerships with landowners. The approach has proven so successful that a broader program involving a larger network of agricultural industry and conservation organizations across Manitoba has now taken up the main features of Green Banks.

The Riparian Health Initiative was established to strengthen riparian stewardship programs for producers and improve coordination of partners across Agro Manitoba. New coordinating bodies have been established at the provincial and regional levels and new funding from the Manitoba Rural Adaptation Council (MRAC), has allowed MHHC to provide secretariat services to these coordination bodies and facilitate delivery of stewardship program delivery across Agro Manitoba.

Program Overview

The Riparian Health Initiative (RHI) arose from a desire to increase producer involvement and collaborative approaches for riparian area management across Agro Manitoba. It was an idea that evolved from the collective efforts of agricultural and conservation groups that had worked cooperatively for many years. They came together, forming the Riparian Health Council, to improve coordination of programs and activities that support the sustainable use of riparian areas in Agro Manitoba. Working together, these partners create an efficient and dynamic network for stewardship, education, technology transfer, data collection and evaluation.

As the RHI concept was being developed, a review undertaken by the Livestock Stewardship Panel, a provincial task force examining the sustainability of Manitoba's livestock industry, made a series of recommendations, including one relating to grazing livestock and riparian area management: "The Manitoba Cattle Producers Association should take the lead in developing a strategic initiative for riparian management in Manitoba… through partnerships with groups such as MHHC, DU, Conservation Districts, PFRA, Manitoba Agriculture and Food and Manitoba Conservation." (Panel report, page 26.). New federal funding from the Manitoba Rural Adaption Council (MRAC) allowed the partners to essentially fulfill this Panel recommendation by launching the Riparian Health Initiative in July 2001, with coordination, stewardship, communications, extension and evaluation activities all focused on the sustainability of riparian and associated lands.

The Riparian Health Council (RHC) was created to promote coordinated programs and activities that support the sustainable use of riparian and associated lands in Agro Manitoba. The Manitoba Cattle Producers Association (MCPA) chairs the Council, who's membership includes producer groups, government agencies and non-government conservation organizations. Five Regional Working Groups of various agency field delivery personnel and producers have been established to be a focal point for communication and coordination at the local level. They can improve the efficiency and effectiveness of stewardship, information and education programs for interested landowners and support important evaluation activities focusing on riparian issues and program effectiveness. MRAC funding became available July 1, 2001 for coordination and stewardship and evaluation activities.

Three-year funding from MRAC, totaling $150,000, has allowed MHHC to hire a riparian program coordinator and provide secretariat support to the RHC and the Regional Working Groups.

Additional three-year funding of $450,000 is dedicated to the Riparian Stewardship Program. Administered by MHHC, and with delivery support from PFRA and Manitoba Agriculture, the stewardship program's financial incentives help interested landowners implement grazing practices that maintain riparian ecosystems and water quality and improve overall pasture productivity. A buffer strip option also exists, assisting producers with the planting of cultivated lands along waterways to permanent forage. All MRAC stewardship funds go directly to landowners to support an estimated 200 managed grazing/off-site watering and forage buffer strip projects. Additional funding of $75,000 over three years from Ducks Unlimited will allow that total to increase. The maximum contribution is $2,500 per landowner, which must be matched by landowner contributions and/or in-kind activities.

As with MHHC's former Green Banks program, willing landowners are key to the success of the Riparian Stewardship Program. Cooperative approaches, focusing on communication, extension and stewardship support, are the fundamental building blocks of the RHI. Complementary MRAC-supported evaluation activities, being delivered by PFRA, will ensure that land management practices that are being promoted are based on the best information available.

Praising – and Burying - Green Banks

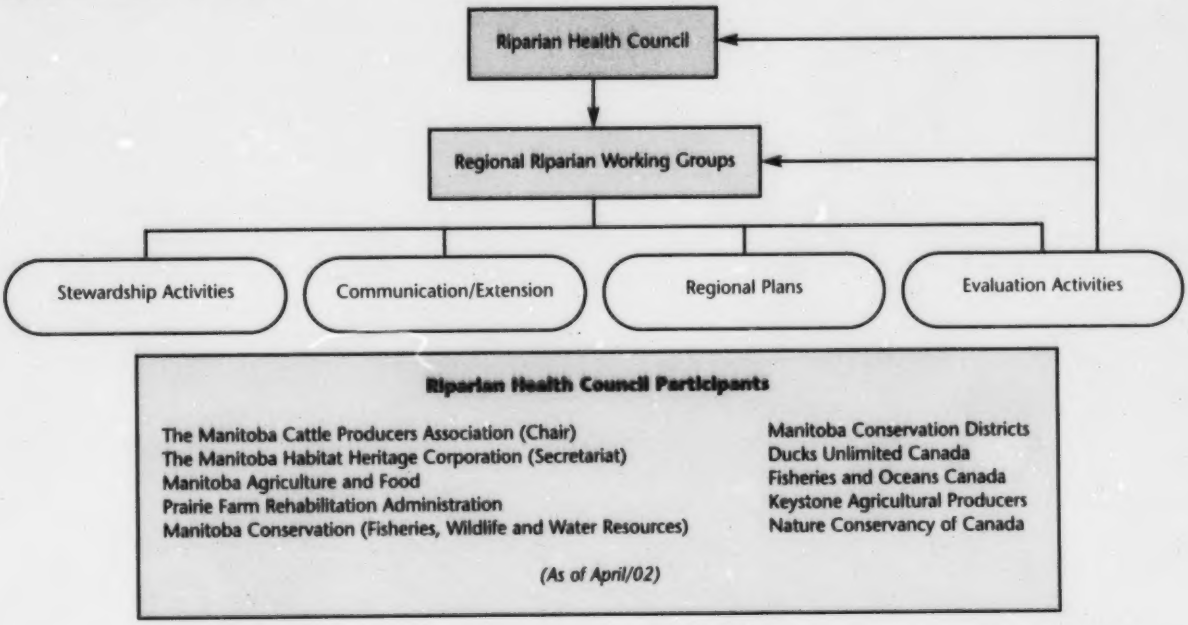
In six years of Green Banks Program operation, MHHC completed 67 demonstration projects, restoring or enhancing habitat along 94 miles or 2,447 acres of sensitive stream banks, and improving grazing practices on 16,374 acres of pastureland in southwestern Manitoba. The Program demonstrated that managed grazing systems and off-site watering practices could increase cattle weight gains while enhancing stream bank habitat. Along the way, MHHC developed several important partnerships, especially with the Manitoba Cattle Producers Association.

Evaluations of Green Banks and other similar riparian management demonstration initiatives showed the value of managed grazing to producers' bottom lines. When the opportunity came to develop a comprehensive riparian initiative across Agro Manitoba, many partners joined with MHHC to secure three-year funding through the Manitoba Rural Adaptation Council (MRAC). That funding came from the federal government through the Agricultural Environmental Stewardship Initiative. The Riparian Health Initiative has stewardship, communications, extension and evaluation components that are facilitated through the Riparian Health Council and Regional Working Groups.

MHHC, PFRA and Manitoba Agriculture and Food field staff now deliver riparian stewardship projects that support more sustainable grazing, watering and land management practices across Agro Manitoba. With this level of in-kind support from partners, all new stewardship funds can go directly to producers.

RHI has enhanced partnerships that now include regional, provincial and national agricultural and conservation organizations. They are incorporating a broader range of riparian initiatives over a broader area than was possible under Green Banks. The focus, as before, is on working with willing landowners.

MHHC's Green Banks Program did not really disappear, thanks to cooperation from many partners and new funding from MRAC. It evolved into a more coordinated, multi-partner initiative that can deliver stewardship programs across the province and help increase the effectiveness of all partners interested in cooperative approaches to riparian issues.



Program Results

Coordination Activities

With a Riparian Program Coordinator in place, MHHC organized the provincial Riparian Health Council and five Regional Working Groups. Two meetings of the RHC and each of the five Regional Working Groups were completed.

Focal areas of the initial RHC meetings included establishment of a mission statement and roles, facilitation of stewardship program delivery, establishment of evaluation program priorities and communication among partners to improve understanding of riparian-related programs available in Manitoba.

The RHC mission statement:

"To promote coordinated programs and activities that support the sustainable use of riparian and associated lands in Agro Manitoba."

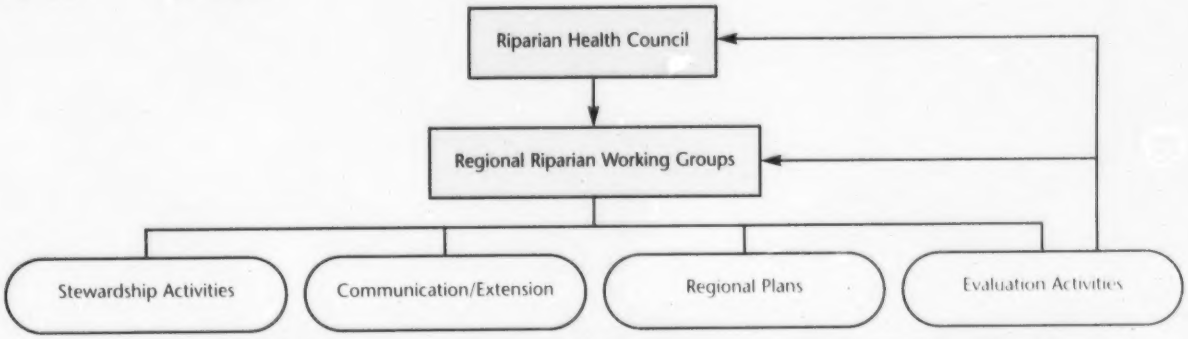
The RHC also identified roles in a number of areas: improving coordination of riparian programming; increasing awareness of riparian issues; facilitating communication and extension activities; integrating evaluation results into programs; advocating for riparian health initiatives; and developing a riparian vision for Agro Manitoba.

The five Regional Working Groups (RWGs) were established in close cooperation with Manitoba Agriculture and Food. Roles for the RWGs emphasize improving coordination and integration of the delivery of stewardship programs and related communications and extension activities. Representation on RWGs includes field staff from Manitoba Agriculture, PFRA, Manitoba Conservation, Conservation Districts, MHHC and local farm organization representatives.

RWG meetings focused on delivery of Riparian Stewardship Program options for farmers, integrating communications and extension efforts at the field level and increasing awareness of program options for producers. Owing to the diversity of the agricultural landscape across Manitoba, issues and approaches varied among the RWGs.

Considerable effort went into increasing awareness of the RHI and its related activities. Details of those activities are discussed in the communications section.

Riparian Health Initiative



Riparian Health Council Participants

The Manitoba Cattle Producers Association (Chair)
The Manitoba Habitat Heritage Corporation (Secretariat)
Manitoba Agriculture and Food
Prairie Farm Rehabilitation Administration
Manitoba Conservation (Fisheries, Wildlife and Water Resources)
Manitoba Conservation Districts
Ducks Unlimited Canada
Fisheries and Oceans Canada
Keystone Agricultural Producers
Nature Conservancy of Canada

(As of April/02)

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The Blair Brothers: Better Management = More Beef + Environmental Stewardship

Rotational grazing is not new to the Blair farm. They have been enjoying its benefits for 15 years. Hugh and Robert Blair run a cattle operation just outside of Woodside and, with a willingness to adopt management practices like rotational grazing, off-site water systems, extended grazing and swath grazing, they have increased their herd size and reduced some of their operating costs and environmental impacts.

"You know you are doing something right when you can have more cows, but reduce your manure-hauling bill to a tenth of what it was before," explained Hugh Blair.

Cattle have long been excluded from watering directly from their pasture dugout. With assistance from the Riparian Stewardship Program, the brothers constructed new fencing to manage cattle access to the Whitemud River and the Dead Lake Drain that runs through their pasture. They are now managing 35 acres of riparian zone and plan on expanding that zone to include another 20 acres along the Whitemud River.

"Fencing off the waterways just makes sense to us" said Hugh.

Hugh Blair

The Blairs are heavily involved in a local farmer-managed soil and water conservation group and participate in the Whitemud Watershed Conservation District. Their success in developing more environmentally and economically sustainable livestock grazing practices has led to a number of tours of their farm operations. The Blairs are willing to share their results and, given their positive experiences, many folks are taking note.

Riparian Stewardship Program Activities

At the end of 2001/02 a total of 159 riparian demonstration projects were completed or in progress, enhancing 211 shoreline miles and 4,769 riparian acres and improving grazing practices on an additional 34,480 acres of adjacent pastures.

From the beginning of the Riparian Stewardship Program (July 1, 2001) to year-end, 14 projects were completed and an additional 78 projects are in progress. (Projects are considered in progress if there is a signed agreement with a landowner. The average completion time after signing is one year. Incentive funds are not paid out until projects are completed, inspected and invoices are submitted.) With a greater emphasis on increasing awareness of RSP incentives, and a greater involvement with other program delivery agencies, field staff reported a large increase in landowner inquiries and many proposed projects in the latter stages of negotiation at year-end.

To date virtually all landowners have been taking advantage of the managed grazing option, using incentive funds to establish the fencing needed to manage access to riparian zones and establish a rotational grazing system on their entire pasture. Interest in the forage buffer strip establishment option was increasing at year-end and buffer strip projects are expected in the coming year.

Communications

MHHC communication and marketing activities for the Riparian Health Initiative included direct and mass media promotions and a number of special projects.

Direct communications: MHHC staff communicated the Riparian Stewardship Program directly with hundreds of landowners and landscape managers throughout the year and participated in 53 meetings with local, provincial, national and international producer and rural conservation interest groups.

A total of 41 displays and presentations were conducted, primarily in rural locations. A major theme of the presentations was the Riparian Stewardship Program and the target audience was agricultural producers and rural landscape interest groups.

Two field tours of riparian projects were organized for both local and international participants. Field tours are the best opportunity to provide first-hand experience and close-up views of what can, and is, being accomplished under the Riparian Health Initiative.

Mass Media: MHHC distributed nine articles profiling the Riparian Health Initiative, especially the stewardship component. Topics included project and program profiles, grazing management and the value of riparian areas for water quality improvement. These articles proved especially popular with the rural and agricultural media, and were widely circulated throughout the target area of southwestern Manitoba. In addition, 11 items about the Riparian Health Initiative activities originated by the media were printed or aired.

Special projects: In cooperation with the Manitoba Cattle Producer's Association, and after discussions with the Regional Working Groups, a Land and Water Program Directory for Agro Manitoba was produced. It featured soil, water and wildlife conservation programs that were available in various regions This document was included as an insert in the MCPA paper, Cattle Country, with a circulation of over 13,000. An additional 10,000 copies were made and distributed to MHHC, PFRA and MAF field staff and other agency offices.

Ken Yakielashek

Yakielasheks are Yakking About Program Results

The father-and-son team of Ken and Dean Yakielashek made major changes to their grazing and watering practices and, so far, they like what they see.

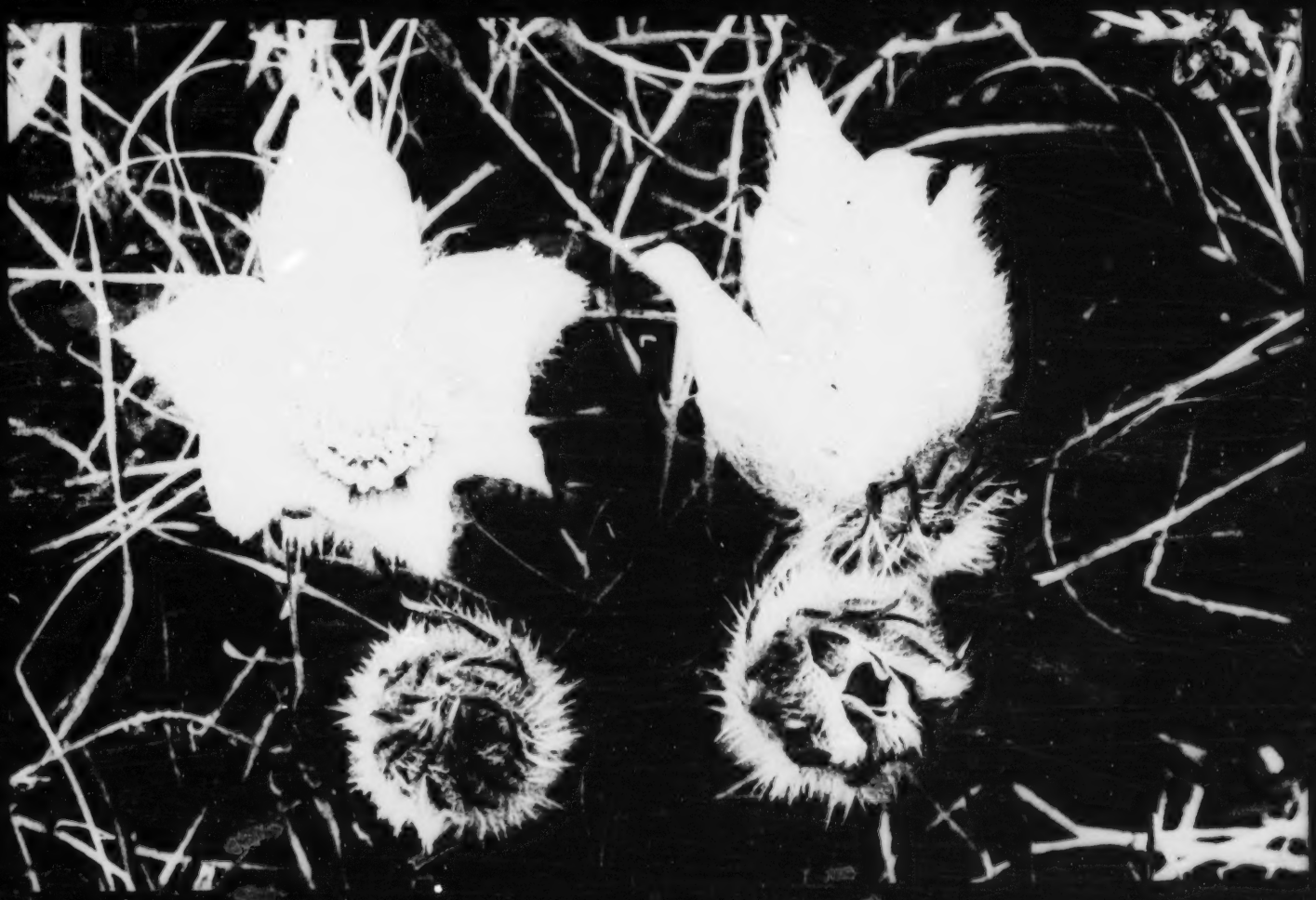
Soon after changing their pasture management, Dean Yakielashek began to see changes in their cattle. "I think we're probably gaining one-third pound per day more per head," he said. "Our calves have been the healthiest this year that they have ever been." There has also been less foot rot and stocking rates have increased.

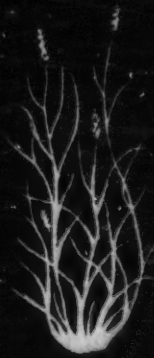
With support from the Riparian Stewardship Program, the Yakielasheks established ten paddocks with controlled access to Mink Creek, which flows through their land. They also fenced off all of their dugouts. Cattle drank from a trough most of the year, which the Yakielasheks noticed they preferred to going down to the creek. In addition to pasture and river bank management, the Yakielasheks seeded cool and warm season grasses to try to extend the grazing season as long as possible.

The Riparian Health Council advocates these kinds of practices and approaches. Clair De'Athe, a director of MCPA, speaking about the Riparian Health Initiative, says "It will be completely voluntary and co-operative. I think the possibilities are very positive for the cattle industry."

Other Partnership Initiatives

Critical Wildlife Habitat Program





The Critical Wildlife Habitat Program goal is to identify, preserve and manage remaining critical habitats, especially critical native grasslands, habitats of unique, rare and endangered species and forested landscapes. Manitoba Conservation, MHHC and other agencies work together under the CWHP umbrella on a project-specific basis. MHHC holds a number of acquired habitat lands in trust on behalf of CWHP partners.

One of the CWHP's main projects is the Tall-Grass Prairie Preserve. MHHC is represented on the preserve Board, along with Manitoba Conservation, the Nature Conservancy of Canada, Environment Canada – Canadian Wildlife Service, Manitoba Naturalists Society, World Wildlife Fund Canada, and Wildlife Habitat Canada. Ongoing management of sites in the 6,230-acre preserve include mowing fence lines, prescribed burns, and maintenance of interpretive facilities for the general public. Permanent vegetation plots are monitored and invasive plant species, such as leafy spurge and St. John's wort, continue to be tracked. Efforts continued in 2001 to locate and map a number of uncommon plant species. Whorled milkweed was recorded for the first time on the Preserve. A Master's Degree study continued to confirm the identity of two sphinx moths believed to be principal pollinators of the endangered western prairie fringed orchid.

Two projects continued in mixed-grass prairie (MGP) region in the southwestern Manitoba: inventory and grazing demonstration. A comprehensive inventory of mixed-grass prairie sites in southwestern Manitoba continued in 2001. A total of 151 quarter sections (24,160 acres) in the study area were inventoried and graded according to prairie quality.

Award Winning McMechans

Tony and Debbie McMechan, who farm in the Pierson district of south-western Manitoba won the 2001-02 Environmental Stewardship Award presented by the Manitoba Cattle Producers Association. The McMechans were nominated by MHHC, which commended their commitment to the environment and community.

On their 1,300 acres devoted to grain production, the McMechans have adopted zero-tillage practices and cover programs to control erosion and they have implemented a twice-over managed grazing system on the 1,200 acres of forage and pasture lands.

The McMechans are most proud of a section of native pasture that has been in the family for three generations. "It's just a piece of ground that once you're on it, you just don't want anything to happen to it," said Tony. "It's got some gravel hills, and potholes and a creek that just winds its way gently right through dead centre. It's just a darn nice piece of ground."

The McMechans took part in the Critical Wildlife Habitat Program's mixed-grass prairie grazing demonstration program. With assistance from a number of sources, including MHHC field staff, the McMechan's adopted a twice-over grazing system that has paid off with improved cattle weight gains and improved native prairie vegetation.

The McMechans are instilling their conservation ethics in their children and their community as well. They became involved in the Clean Stream Team, a high school program where students studied the natural environment on their farm and made recommendations aimed at conserving riparian areas in their pastureland. Access to the ripar-ian zone is now managed by fencing.

Although they don't feel that they are doing as much as some people, the McMechans are happy to be rec-ognized for the work they and other cattle producers do to put as much into the land as they take out.

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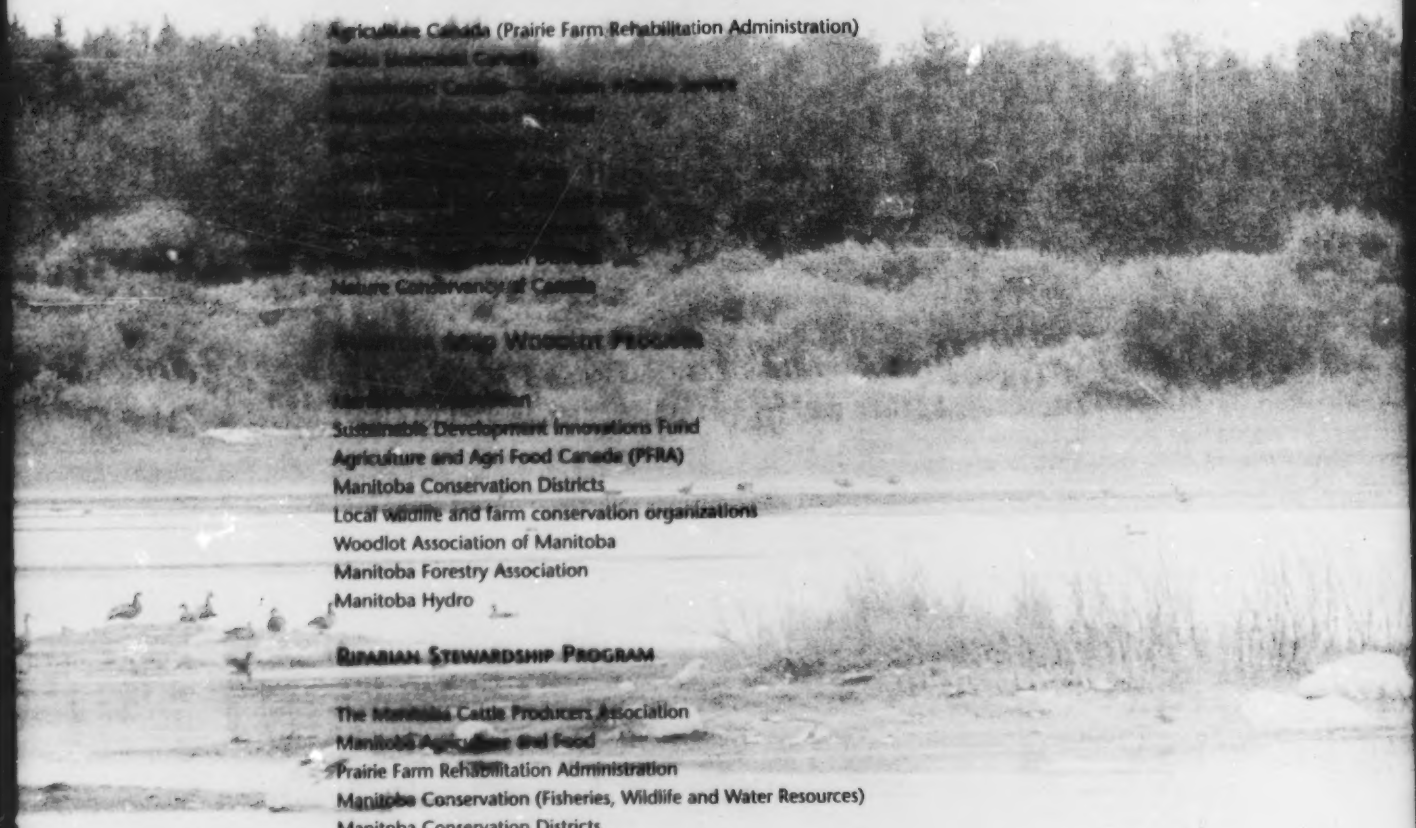
Two projects continued in mixed-grass prairie (MGP) region in the southwestern Manitoba: inventory and grazing demonstration. A comprehensive inventory of mixed-grass prairie sites in southwestern Manitoba continued in 2001. A total of 151 quarter sections (24,160 acres) in the study area were inventoried and graded according to prairie quality.

Manitoba Habitat Heritage Corporation Partners:



NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Agriculture Canada (Prairie Farm Rehabilitation Administration)
Ducks Unlimited Canada
Environment Canada — Canadian Wildlife Service
Fisheries and Oceans Canada
Manitoba Conservation
Nature Conservancy of Canada

[illegible] WOODLOT PROGRAM

[illegible]
Sustainable Development Innovations Fund
Agriculture and Agri Food Canada (PFRA)
Manitoba Conservation Districts
Local wildlife and farm conservation organizations
Woodlot Association of Manitoba
Manitoba Forestry Association
Manitoba Hydro

RIPARIAN STEWARDSHIP PROGRAM

The Manitoba Cattle Producers Association
Manitoba Agriculture and Food
Prairie Farm Rehabilitation Administration
Manitoba Conservation (Fisheries, Wildlife and Water Resources)
Manitoba Conservation Districts
Ducks Unlimited Canada
Fisheries and Oceans Canada
Keystone Agricultural Producers
Nature Conservancy of Canada

CRITICAL WILDLIFE HABITAT PROGRAM

Manitoba Conservation
Manitoba Naturalists Society
Nature Conservancy of Canada
Wildlife Habitat Canada
World Wildlife Fund
Environment Canada — Canadian Wildlife Service

Manitoba Habitat Heritage Corporation Offices

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(204) 877-3162

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(204) 759-4220

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PRODUCTION NOTES:

The Manitoba Habitat Heritage Corporation's Annual Report is printed on recycled paper with 30% post consumer fiber. The printing inks are vegetable oil-based.

Please recycle where facilities exist.

The Manitoba Habitat Heritage Corporation

Financial Statements 2001/2002

Manitoba

Responsibility for Financial Reporting

The Manitoba Habitat Heritage Corporation

The management of The Manitoba Habitat Heritage Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the Annual Report.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In management's opinion, the financial statements have been properly prepared and of necessity, include some amounts based upon management's best estimates and judgements up to May 13, 2002.

The responsibility of the Provincial Auditor and staff is to express an independent opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The auditors' report outlines the scope of the auditors' examination and provides the audit opinion.

Chief Executive Officer

Manager, Financial Services

May 13, 2002

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba,
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Habitat Heritage Corporation

We have audited the statement of financial position of The Manitoba Habitat Heritage Corporation as at March 31, 2002 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 13, 2002

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Financial Position
as at March 31, 2002
(with comparative figures for 2001)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2002	2001
ASSETS						
Current						
Cash	$74,754	$88,402	$108,234		$271,390	$93,801
Funds on deposit with Province of Manitoba	401,011	125,000	130,792		656,803	631,367
Accounts Receivable						
Government of Canada	93,334	5,130	10,000		108,464	70,000
Province of Manitoba	1,158	523	327		2,008	8,978
Other	6,122		25,000		31,122	5,877
Due from Manitoba Agro Woodlot Program	2,364				2,364	3,273
Due from Green Banks Program	116				116	8,891
Prepaid expenses	9,631	500			10,131	13,385
	588,490	219,555	274,353		1,082,398	835,572
Capital assets (Note 3)				1,704,378	1,704,378	1,324,573
					2,786,776	2,160,145
Trust assets (Notes 7a and 7b)					659,810	714,899
	$588,490	$219,555	$274,353	$1,704,378	$3,446,586	$2,875,044
LIABILITIES						
Current						
Accounts payable and accrued liabilities	$108,698	$22,682	$1,110		$132,490	$134,844
Due to North American Waterfowl Management Plan		2,364	116		2,480	12,164
	108,698	25,046	1,226		134,970	147,008
Deferred contributions (Note 4)	479,792	194,509	273,127		947,428	688,564
Fund balances						
Invested in Capital Assets				1,701,959	1,701,959	1,324,573
Capital Lease Liabilities				2,419	2,419	
					2,786,776	2,160,145
Trust liabilities (Notes 7a and 7b)					659,810	714,899
	$588,490	$219,555	$274,353	$1,704,378	$3,446,586	$2,875,044
Commitments (Note 5)						

On behalf of the Board:

Director _____

Director _____

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Operations and Changes in Fund Balances
for the year ended March 31, 2002
(with comparative figures for 2001)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2002	2001
REVENUE						
Federal Government Contributions	$525,190	$2,000	$60,975		$588,165	$331,600
Province of Manitoba Contributions	566,162	233,999			800,161	836,175
Contributed Services, Province of Manitoba	61,236	73,745	13,312		148,293	146,418
Donations	209				209	310
Interest Income	8,568	531	4,745		13,844	32,076
Other	207,162	785	143,966		351,913	171,767
Management Fees (Note 8)	179,649				179,649	65,633
	1,548,176	311,060	222,998	–	2,082,234	1,583,979
EXPENSES						
Amortization of Capital Assets				33,136	33,136	39,690
Service Delivery – Schedule 1	1,139,331				1,139,331	982,438
– Schedule 2		309,383			309,383	363,849
– Schedule 3			222,998		222,998	110,210
	1,139,331	309,383	222,998	33,136	1,704,848	1,496,187
Excess (Deficiency) of Revenue over Expenses	408,845	1,677	–	(33,136)	377,386	87,792
Fund Balances, beginning of year	–	–	–	1,324,573	1,324,573	1,219,781
Donated land (Note 2b)					–	17,000
Interfund Transfers	(408,845)	(1,677)	–	410,522	–	–
Fund Balances, end of year	$ –	$ –	$ –	$1,701,959	$1,701,959	$1,324,573

THE MANITOBA HABITAT HERITAGE CORPORATION

Statement of Cash Flows for the year ended March 31, 2002 (with comparative figures for 2001)

	North American Waterfowl Management Plan	Manitoba Agro Woodlot Program	Green Banks Program	Capital Assets	2002	2001
Cash from operating activities						
Excess (deficiency) of revenue over expenses	$408,845	$1,677	–	($33,136)	$377,386	$90,792
Amortization of capital assets				33,136	33,136	36,690
Net change in non-cash working capital	(10,709)	5,060	(42,190)		(55,839)	47,099
Increase (decrease) in deferred contributions	78,838	78,401	101,625		258,864	(89,775)
Net cash generated through operating activities	468,974	85,138	59,435	–	613,547	84,806
Financing and investing activities						
Purchase of capital assets				(410,522)	(410,522)	(127,482)
Interfund Transfers	(408,845)	(1,677)	–	410,522	–	–
Net increase (decrease) in cash	60,129	83,461	59,435	–	203,025	(42,676)
Cash and cash equivalents, beginning of year	415,636	129,941	179,591	–	725,168	767,844
Cash and cash equivalents, end of year	$475,765	$213,402	$239,026	$ –	$928,193	$725,168
Cash and cash equivalents consist of :						
Cash	$74,754	$88,402	$108,234		$271,390	$93,801
Funds on deposit with Province of Manitoba	401,011	125,000	130,792		656,803	631,367
	$475,765	$213,402	$239,026	$ –	$928,193	$725,168

Notes to Financial Statements
March 31, 2002

1. Nature of Organization

The Manitoba Habitat Heritage Corporation (MHHC) was established in 1986 as a Crown Corporation under *The Manitoba Habitat Heritage Act*. The objectives of the Corporation are the conservation, restoration and enhancement of Manitoba fish and wildlife habitat and the associated fish and wildlife populations thereof. Donations to the Corporation are tax deductible by the donor pursuant to *The Income Tax Act*, as gifts to Her Majesty. The Corporation is involved in the following initiatives:

a) The North American Waterfowl Management Plan (NAWMP)

Under Order-in-Council 634/89, the Corporation is authorized to be the Provincial agency responsible for coordinating the delivery of the North American Waterfowl Management Plan in Manitoba.

b) The Manitoba Agro Woodlot Program (MAWP)

On May 7, 1992 the Corporation signed a memorandum of agreement with Manitoba Department of Natural Resources to deliver the Manitoba Agro Woodlot Program in Southwestern Manitoba. A management fee is charged by the Corporation for services provided by NAWMP to this program.

c) The Green Banks Program

In January 1994, the Board of Directors of the Corporation directed staff to develop a strategy to deal with protection, restoration and enhancement of riparian habitat in agro-Manitoba. A management fee is charged by the Corporation for services provided by NAWMP to this program.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

a) **Revenue Recognition**

The Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred.

Interest income earned on restricted funds' resources is recognized as revenue of the related restricted fund.

Management fees are recognized as revenue in the year the service is provided.

b) **Capital Assets**

The Capital Asset Fund reports the assets and related amortization of the Corporation's capital assets.

Purchased capital assets are recorded at cost and donated capital assets are recorded at fair value at the date the asset is donated.

Amortization of capital assets is recorded on a straight-line basis over the estimated useful life of the capital asset at the rates indicated below. Amortization expense is recorded in the capital asset fund.

Computer hardware	–	20%
Computer software	–	33%
Equipment	–	10%
Furniture and fixtures	–	10%

c) **Contributed Services**

Services are contributed by the Wildlife and Forestry Branches of Manitoba Conservation. Contributed services are recorded at cost which is fair value.

d) **Funds on Deposit with Province of Manitoba**

Funds on deposit are recorded at cost which approximates market. All funds on deposit have terms of 90 days or less.

3. Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2002	Net Book Value 2001
Land and Land use rights	$1,584,911	$ –	$1,584,911	$1,230,312
Computer hardware	168,831	112,536	56,295	48,244
Computer software	26,458	17,020	9,438	7,674
Equipment	93,546	50,092	43,454	31,376
Furniture and fixtures	57,355	47,075	10,280	6,967
Total capital assets	$1,931,101	$226,723	$1,704,378	$1,324,573

4. Deferred Contributions

Deferred contributions reported in the respective funds relate to restricted funding received in the current period that is related to expenses of future periods. Deferred contributions are required for the ongoing future operations of the Corporation as follows:

NAWMP

– $110,000 received from Environment Canada, for purchased Species at Risk Habitat Stewardship Program Conservation Agreements, signed in fiscal year 2001/02. Payment for these Conservation Agreements will be made upon filing of the caveats.
– $72,200 committed to signed purchased Conservation Agreements. Payment for these Conservation Agreements will be made upon filing of the caveats.
– $180,000 budgeted operating funds for the first three months of 2002/03.

MAWP

– $77,200 budgeted operating funds for the first three months of 2002/03.

Green Banks

– $178,962 committed to signed, landowner agreements.

Changes in the deferred contributions balance reported in the respective funds are as follows:

	NAWMP	MAWP	GREEN BANKS	2002	2001
Beginning balance	$400,954	$116,108	$171,502	$688,564	$778,339
Less amount recognized as revenue	–	–	–	–	(55,634)
Less Provincial grants rescinded	–	–	–	–	(200,000)
Add revenue received and deferred	78,838	78,401	101,625	258,864	165,859
Ending balance	$479,792	$194,509	$273,127	$947,428	$ 688,564

5. Commitments

a) The Corporation leases land for wildlife habitat under NAWMP. Each lease is subject to the condition that sufficient funds are appropriated by the Province of Manitoba. The future minimum lease payments in the aggregate and for each of the five succeeding years are:

2003	$15,604
2004	11,038
2005	9,419
2006	5,596
2007	1,267
Aggregate	$42,924

b) The Corporation leases vehicles and office equipment under NAWMP and MAWP. The future minimum lease payments in the aggregate and for each of the three succeeding years are:

2003	$9,211
2004	1,086
2005	230
Aggregate	$10,527

c) The Corporation leases space for the Winnipeg office at an annual base rent of $24,035. The lease expires March 31, 2003.

d) The Corporation leases computer equipment in the Winnipeg office. The future minimum lease payments in the aggregate and for each of the next three years are:

2003	$751
2004	897
2005	771
Aggregate	$2,419

e) At March 31, 2002 the Green Banks Program included several projects in progress. Remaining commitments under these signed agreements total approximately $178,962.

f) At March 31, 2002 the NAWMP Program included funding from Environment Canada, Species at Risk Habitat Stewardship Program (SARA) for the purchase of signed Conservation Agreements. Commitments under these signed conservation agreements total approximately $110,000.

g) At March 31, 2002, the NAWMP Program included several signed, purchased Conservation Agreements, to be paid out upon filing of the caveats. Commitments under these signed conservation agreements total approximately $72,200

6. Employee Pension Plan

Under the terms of the Corporation's pension plan, employee contributions are matched by the Corporation on a current basis. As a result, there are no unfunded liabilities and no outstanding corporate obligations.

7. Trust Assets/Liabilities

a) The Critical Wildlife Habitat Program (CWHP)

The Corporation is a partner to the CWHP along with the Wildlife Branch of Manitoba Conservation.

The Corporation holds title, in trust, to a portfolio of land and provides banking and financial services for CWHP's funds designated to the Corporation including funds of the Manitoba Forestry/Wildlife Management Project (MFWMP). A management fee is charged by the Corporation for the services provided by NAWMP. Disbursements are made at the direction of the Wildlife Branch. Grants from the Province of Manitoba flow through the Corporation to this program.

Trust assets held by MHHC on behalf of this program include:

	2002	2001
Land Portfolio	$593,280	$593,280
Cash-CWHP	48,141	51,904
Cash-MFWMP	11,723	11,719
Cash-SARA	–	40,023
	$653,144	$696,926

b) Manitoba Model Forest Inc. (MBMF)

On March 31, 1997 the Corporation entered into a one year agreement with MBMF to provide banking and financial services to this program. The agreement was subsequently extended for a further period of two years until March 31, 2000. As the project is near completion an extension to this agreement has not been formalized. Disbursements are made at the direction of the General Manager of MBMF. A management fee is charged by the Corporation for the services provided by NAWMP.

Trust assets held by MHHC on behalf of this program include:

	2002	2001
Cash	$6,666	$17,973

8. Management Fees

The Corporation charges for services provided by NAWMP to other programs as follows:

	2002	2001
NAWP	$ 9,072	$12,984
Green Banks Program	127,001	50,651
CWWP	41,476	1,748
MBMF	–	250
Other	2,100	–
	$179,649	$65,633

9. Economic Dependence

MHHC is economically dependent on the Province of Manitoba to provide the majority of funding.

10. Public Sector Compensation Disclosure

Pursuant to the disclosure required by the Public Sector Compensation Disclosure Act, the remuneration paid to Board members during the year, in aggregate, totaled $9,381 (2001 - $8,450). In addition, one contract employee, T. Sopuck, Manager of Operations, received $57,406 (2001 - $55,441) in the fiscal year.

THE MANITOBA HABITAT HERITAGE CORPORATION
NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

Schedule 1

Schedule of Expenses for the year ended March 31, 2002
(with comparative figures for 2001)

	2002	2001
EXPENSES		
Habitat activities		
Salaries and benefits	$346,965	$283,197
Managed grazing systems	112,625	–
Field office operations	64,884	58,191
Staff support	74,310	54,151
Nest baskets	28,934	33,553
Land leases	27,601	55,744
Habitat development	6,699	10,236
Taxes	14,523	14,019
	676,541	509,091
Evaluation	7,000	13,054
Communications		
Salaries and benefits	74,434	71,797
Program delivery	36,130	48,415
	110,564	120,212
Program coordination		
Salaries and benefits	191,123	176,324
Rent	42,701	32,763
Office	46,996	33,538
Other	23,680	56,292
Professional fees	16,315	9,854
Board meetings and remuneration	10,215	19,856
Travel	14,196	11,454
	345,226	340,081
TOTAL EXPENSES	**$1,139,331**	**$982,438**

THE MANITOBA HABITAT HERITAGE CORPORATION
MANITOBA AGRO WOODLOT PROGRAM

Schedule 2

Schedule of Expenses for the year ended March 31, 2002 (with comparative figures for 2001)

	2002	2001
EXPENSES		
Habitat activities		
Salaries and benefits	$185,272	$213,692
Incentives	20,680	18,031
Special projects	–	2,121
Travel	29,367	43,213
Office	17,803	21,608
Management fees (Note 8)	9,072	11,511
Rent	7,236	10,851
Other	21,215	15,370
Professional fees	701	250
Training workshops	11,501	17,061
	302,847	353,708
Communications		
Management fees (Note 8)	–	1,473
Program delivery	6,536	8,668
	6,536	10,141
TOTAL EXPENSES	**$309,383**	**$363,849**

THE MANITOBA HABITAT HERITAGE CORPORATION
GREEN BANKS PROGRAM

Schedule 3

Schedule of Expenses for the year ended March 31, 2002
(with comparative figures for 2001)

	2002	2001
EXPENSES		
Riparian Coordination	$16,987	–
Management fees (Note 8)	127,001	50,651
Contributed services	13,312	11,011
Managed grazing systems	51,038	41,021
Other	14,660	7,527
TOTAL EXPENSES	$222,998	$110,210